



NEWS RELEASE

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SBA and the Virginia Small Business Financing Authority announce Virginia Supplemental Guaranty Program *First ever federal-state partnership to co-guarantee small business loans*

Richmond, Va. – The Small Business Administration (SBA) and the Virginia Small Business Financing Authority (VSBFA) have entered into a Memorandum of Understanding creating the Virginia Supplemental Guaranty Program, an innovative new approach to financing which allows both agencies to co-guarantee loans made by participating financial institutions to Virginia's small businesses.

The new partnership between SBA and the Virginia Small Business Financing Authority (VSBFA), the first of its kind in the nation, was created to improve access to capital for small firms within the Commonwealth of Virginia. Under the authority of the Small Business Act, SBA may guarantee loans extended by financial institutions to small business concerns. Likewise, VSBFA is also authorized to provide guarantees on loans extended by financial institutions to small business concerns.

Under the Virginia Supplemental Guaranty Program, SBA and VSBFA will co-guarantee eligible small business loans, up to an aggregate co-guaranteed amount of 85 percent of the gross amount of the loan. The participating lender must retain risk equal to at least 15 percent on each co-guaranteed loan.

“We thank the Virginia Small Business Financing Authority for committing to the Supplemental Guaranty Program,” said Ron Bew, Director of SBA's Richmond District Office. “We believe that this partnership will allow more Virginia small businesses to get the financing they need to grow and prosper.”

Loans processed under SBA's 7(a) loan programs including those processed under regular 7(a) guidelines, SBA Express, SBA Community Express, and Patriot Express are eligible for consideration under the Virginia Supplemental Guaranty Program. The gross loan amount of each co-guaranteed loan will not exceed the limits established by SBA, currently \$2,000,000 for the 7(a) program, \$350,000 for the SBA Express loan program, and \$500,000 for the Patriot Express loan initiative.

“We are excited about the Commonwealth’s partnership with the SBA and it solidifies our efforts to keep Virginia businesses moving forward,” said Virginia Governor Timothy M. Kaine. “This first-ever partnership demonstrates our commitment to nurture small businesses.”

Small businesses seeking financing will apply to a participating lender. The lender will follow normal procedures in applying for both an SBA guaranty and a VSBFA guaranty on the same loan. VSBFA will notify SBA when a co-guaranteed loan is approved. The VSBFA guaranty is limited to \$200,000 or 35 percent of the loan, whichever is less. The combined SBA/VSBFA co-guarantee is limited to 85 percent of the loan amount. The participating lender will pay both the SBA and VSBFA their respective fees under applicable rules and regulations.

The Virginia Small Business Financing Authority’s mission is to promote Virginia businesses by increasing access to capital through the creative application of public and private financing, thereby maximizing employment opportunities and investment throughout the Commonwealth. Working through the Virginia Department of Business Assistance, the VSBFA serves as a statewide conduit issuer of industrial development bonds and provides financial assistance to Virginia businesses for the promotion of economic development in the Commonwealth. The VSBFA works with businesses, bankers, other state agencies, and economic developers across the state in providing direct funding and credit enhancements through a variety of financing programs for the benefit of eligible new and expanding businesses. During the last fiscal year, the VSBFA committed more than \$10 million in financing to 125 businesses and local, industrial and economic development authorities, resulting in nearly \$247 million in public and private financing. Through these efforts, the VSBFA assisted in the creation or retention of 1,884 jobs in the Commonwealth.

In the Small Business Act of July 30, 1953, Congress created the U.S. Small Business Administration, whose function is to *"aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns."* Since its founding more than a half-century ago, the U.S. Small Business Administration has delivered about 24 million loans, loan guaranties, contracts, counseling sessions and other forms of assistance to small businesses. During the last fiscal year, SBA provided loan guaranties on 1,235 loans in the Richmond District’s territory (which includes all of Virginia except Arlington, Fairfax and Loudoun counties and the cities of Alexandria, Falls Church and Fairfax) totaling \$231.9 million.

For more information about the SBA online, go to www.sba.gov/va or contact the Richmond District Office at (804) 771-2400. For more information on the Virginia Small Business Financing Authority, go to <http://www.dba.virginia.gov/financing> or call 1-866-248-8814.

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